

162. (New) The method according to claim 98, wherein after the step of establishing a billing agreement the third party does not transfer ownership of the product or service from the selling vendor to the purchasing customer.

163. (New) The method according to claim 99, wherein after the step of establishing a billing agreement the third party does not transfer ownership of the product or service from the selling vendor to the purchasing customer.

164. (New) The method according to claim 100, wherein after the step of establishing a billing agreement the third party does not transfer ownership of the product or service from the selling vendor to the purchasing customer.

165. (New) The method according to claim 101, wherein after the step of establishing a billing agreement the third party does not transfer ownership of the product or service from the selling vendor to the purchasing customer.--

#### **REMARKS**

Reconsideration of the application by the Examiner is respectfully requested.

The Examiner has rejected claims 31-45 under 35 USC §103(a) as allegedly being unpatentable over Silver et al, 5,146,491 (hereinafter "Silver") and Carnegie Mellon University Information Networking Institute, "Internet Billing Server Prototype Scope Document" INI Technical Report 1993-1 (hereinafter "IBS"), in view of each other. No other reference was cited or applied by the Examiner.

The Examiner, Mr. Felten, is thanked for the courtesies extended during a personal interview with the applicant and the undersigned on January 28, 2003. While the Examiner prepared an interview summary, applicant hereby supplements the Examiner's summary by including herein the arguments made to the Examiner at the interview.

In response to the office action, applicant respectfully traverses the rejection for the reasons set forth hereinafter. In addition, Applicant has added new dependent claims 46-165 to more clearly define the metes and bounds of the present invention.<sup>1</sup> As applicant pointed out during the interview, the applicant reviewed the prior art cited by the Examiner and realized the importance of nuances of the method disclosed in the present application. Accordingly the dependent claims were added to more clearly define the metes and bounds of the present invention. Applicant respectfully submits that claims 31-165 recite subject matter which clearly patentably distinguishes over the prior art cited by the Examiner.

Applicant also pointed out during the interview that the prior art cited by the Examiner was, in effect, previously submitted by Applicant, and already has been considered by the Examiner. Specifically, Applicant submitted Silver in the Information Disclosure Statement filed with the original application on October 11, 2001. Applicant also submitted "Carnegie Mellon University Information Networking Institute, NetBill 1994 Prototype" INI Technical Report 1994-11 with the original application on October 11, 2001. Applicant believes that TR 1994-11 ("IBS-1994") is the successor progress report to TR 1993-1 ("IBS-1993") which the Examiner cited. IBS-1994 explains the IBS in more detail than does IBS-1993. Applicant has enclosed four pages [cover, 1, 12, 13] from IBS-1994 for the Examiner's convenience.

The present invention, as claimed, is directed to an Internet billing method which enables a customer to pay a vendor for a purchase made over the Internet by the customer from the vendor. The method utilizes the services of a third party in connection with this payment, and requires that requests for charging the customer for a purchase are first made to the third party by the purchasing customer. Claims 31, 32, 44, and 45 are the only independent claims.

In the rejection, the Examiner contends that Silver allegedly teaches all of the features of claims 31, 32, 44, and 45, with the exception that Silver is a telephonic billing method rather than an Internet billing method and that it "would have been obvious" ... "to substitute the Internet Billing Server" for the "Billing computer" [32] of Silver to obtain the present invention as claimed, because the PSTN and the Internet are analogous networks.

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<sup>1</sup> It should be noted the applicant submitted dependent claims 46-59 in his proposed amendment but that after a review of MPEP 608.01 (n), it was realized that those claims included multiple dependent claims which were indirectly dependent on multiple dependent claims and thus applicant has rewritten same to remove that indirect multiple dependency.

Similarly, the Examiner contends that IBS allegedly teaches all of the features of claims 31, 32, 44, 45, with the exception of those elements of the telephone billing method of Silver, and to "integrate/implement" Silver in IBS "would have been an obvious expedient to one of ordinary skill in the art".

Applicant respectfully submits, for the reasons set forth below and presented at the interview, that there is no motivation to combine the two references to obtain the present invention as claimed and therefore the rejection under 35 USC §103 is based upon the impermissible hindsight gained from reading the present application and is improper.

### **Silver**

As explained at the interview, Silver discloses a "900" billing method for the Public Switched Telephone Network ("PSTN"). The "900" prefix used in the PSTN is a service code, which, by its structure within the PSTN, defines a method of billing to be used for the telephone call placed. A "900" call works as follows. A vendor of services, e.g., a tech support line, acquires from a telephone company the use of a telephone number beginning with the service code "900" and agrees on a charge to be levied on a caller to that number by the telephone company. A caller dials the "900" number and is charged in the agreed manner for the call when a connection is made. There is no counterpart to this feature in the Internet, because on the Internet, which is a packet-switched network rather than a circuit-switched network as is the PSTN, all addressing between users is by an IP address which does not include a "service code" which could identify a billing method.

Moreover, Silver discloses a billing method to be used in the PSTN, a network which is secure, e.g., the sender cannot disguise the sender's identity by falsifying the sender's network address (i.e., the telephone number) which is received by the recipient. The Internet, on the other hand, is a network which is not secure, e.g., a sender may falsify the sender's network address (i.e., e-mail address) which is received by the recipient. See, for example, the specification at page 3, lines 18-20 and page 4, lines 5-7.

Accordingly, the telephone network is not analogous to the Internet with respect to a billing method for the purposes of 35 USC § 103.

### **IBS**

IBS discloses an Internet billing system project at Carnegie Mellon University. As described in IBS-1993, IBS is used to provide billing services for service providers which provide information services over the Internet to end users (IBS-1993, 1.1). The IBS business model requires that requests for charging the customer are first made to the system's Billing Server (called the IBS) by the selling vendor [referred to as a "service provider"] (IBS-1993, 2<sup>nd</sup>-to-last sentence on page 12 and 1<sup>st</sup> sentence of 3<sup>rd</sup> full paragraph of 3.2.1 on page 15 [beginning, "The pricing server"])). This is explained in more detail in IBS-1994 in the last full paragraph on page 12 ("The checkbook then sends a purchase request to the till of the merchant which requests purchase approval from NetBill."), and in Figure 2-1 and the notes thereto on page 13, particularly note 6. The method of the present invention as claimed, on the other hand, has requests for charging the customer being first made to the third party by the purchasing customer [the receiving step of all independent claims].

#### **Combination of References**

Applicant respectfully submits that the Examiner cannot point to any statement in the references which would motivate one to combine the references as proposed by the Examiner. There is a good reason for this: the systems of Silver and IBS are essentially incompatible, and cannot be physically combined to obtain the present invention as claimed. This is so because Silver solves the billing security problem by requiring the use of a secure telephonic network and the use of an inherent network feature (i.e., "900" billing), while IBS, designed for use on the Internet, which is not a secure network, and which does not have a counterpart to "900" billing, solves the billing security problem by requiring the vendor to initiate billing requests and the third party to verify and approve the agreement between the customer and the vendor.

Thus any combination of Silver and IBS (i.e., the modification of Silver by IBS or the modification of IBS by Silver) would either not obtain the present invention as claimed (e.g., by retaining the use of the telephonic "900" service code of Silver or by retaining the requirement of IBS that the vendor initiate billing requests) or would change the principle of operation of the reference being modified, and, as such, would not be a proper combination under 35 USC §103(a). "If the proposed modification ... would change the principle of operation of the prior art invention being modified, then the teachings of the references are not sufficient to render the

claims prima facie obvious. In re Ratti, 270 F.2d 810, 123 USPQ 349 (CCPA 1959)" (See MPEP 2143.01, last paragraph, first sentence).

### **"Digital Cash"**

The Examiner also mentioned the concept of "digital cash" at the interview and inquired as to its possible relevance to the invention as claimed. The Examiner referred to U.S. patent Nos. 5,535,383 to Gower and 5,594,225 to Botvin as examples of digital cash systems. Applicant pointed out that "Electronic Payment Systems" by O'Mahony et al published 1997 discussed this concept among others. While the O'Mahony book is not prior art and Applicant does not concede that Botvin is prior art, applicant has provided a copy of the title page, Chapter 6.1, and the notes thereto of the O'Mahony book, pp. 145-158, and 187, entitled "Ecash (DigiCash)" in order to explain that the digital cash concept has nothing to do with the present invention as claimed.

Ecash, as stated in section 6.1.1 at pages 146-7, operates as follows:

"The participants within the system are clients, merchants, and banks, as shown in Figure 6.1. Clients and merchants have accounts at an Ecash bank. Clients can withdraw coins against their account and store them in their Ecash wallet software that resides on their computer. The Ecash wallet software is known as a *cyberwallet*. It stores and manages a client's coins, keeps record of all transactions, and makes the protocol steps appear as transparent as possible to the client. The withdrawal protocol prevents the bank from being able to see the serial numbers of the coins it is issuing.

A client can use the coins to later pay a merchant. At the time of purchase, the merchant must forward the coins to the minting bank to ensure that they have not already been spent. If the coins are valid, they will be deposited into the merchant's account. The merchant can then send the purchased goods or a receipt to the client. A merchant can also make payments to a client using the same procedure. This is useful for making refunds or providing pay-out services.

Currently, both client and merchant must have accounts at the same Ecash bank. Coins obtained from one bank will not be accepted by another. As Ecash becomes more widespread, it is likely that third parties might exchange coins from different banks or the banks might provide this exchange themselves. Interbank clearing may also become possible, although coins will still have to be forwarded to the minting bank for verification."

Botvin describes an improvement in the way that electronic funds are transferred which could be used to simplify the use of digital cash systems by reducing the amount of physical paper involved. (See Background Of The Invention). Gower teaches a database security method

which he explains in Example 5 at column 5 can be used with a digital cash system for business transactions that involve a bilateral exchange.

The basic premise of the invention as claimed in the independent claims is that "for each purchase transaction between the purchasing customer and the selling vendor, a first amount is charged to the purchasing customer" **by the third party** and "a second amount is remitted to the selling vendor" **by the third party**. In the Ecash system, in Botvin as applied to digital cash, and in Gower as applied to digital cash, the role of the third party is merely to issue and redeem the electronic currency. Therefore, the digital cash concept as it is understood by the applicant is not relevant to the present invention as claimed.

This lack of relevance of the digital cash concept is not vitiated at all by the step in all of the independent claims of, "receiving authorization over the Internet from the purchasing customer to charge the first amount to the purchasing customer **without previously receiving** a request from the selling vendor to charge the first amount to the purchasing customer". The bolded language is not a negative claim limitation, but rather a timing limitation.

Specifically, the present invention as claimed does not require that the selling vendor make a request of the third party to charge the purchasing customer, but neither does it prohibit the vendor from making such a request. What the present invention as claimed does require, as stated by the limitation of the bolded language, is that if the selling vendor does make such a request, it is made after the request made by the purchasing customer.

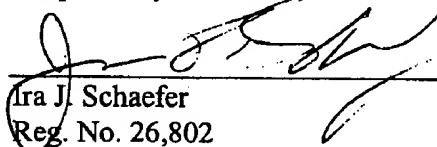
Applicant therefore respectfully submits that the claims recite subject matter which clearly patentably distinguishes over the prior art of record under 35 USC §103.

Applicant requests reconsideration and an early favorable action on the merits.

Date:

2/3/03

Respectfully submitted,

  
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